

AMENDED IN SENATE JANUARY 4, 2006

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 778

Introduced by Senator Florez

February 22, 2005

An act to add Article 1.5 (commencing with Section 865) to Chapter 7 of Division 1 of the Financial Code, relating to ~~banks~~ *depository institutions*.

LEGISLATIVE COUNSEL'S DIGEST

SB 778, as amended, Florez. ~~Banks~~ *Depository institutions*: cashing of paychecks.

Existing law provides for the regulation of banks *and other depository institutions* by the Commissioner of Financial Institutions, including regulation of federally chartered banks to the extent consistent with federal law. Existing law imposes various requirements on banks *and other depository institutions* with regard to deposits, checks, and investments.

This bill would require a ~~bank~~ *depository institution* that issues paychecks ~~for on behalf of~~ a business client to notify the business client that ~~it is required to pay for any charge or fee assessed by the bank for the cashing of those paychecks by employees who do not have an account at the bank~~ any order, check, draft, note, memorandum, or other acknowledgment of indebtedness, issued by the business client in payment of wages due, or to become due, or as an advance on wages to be earned, is required to be, among other things, negotiable and payable in cash, on demand, and without discount.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 1.5 (commencing with Section 865) is added to Chapter 7 of Division 1 of the Financial Code, to read:

Article 1.5. Paycheck Charges

~~865. In order for an employer to comply with Section 212 of the Labor Code, a bank that issues paychecks for a business client of the bank that provides the paychecks to employees of the business client shall notify the business client that it is required to pay for any charge or fee assessed by the bank for the cashing of those paychecks by employees who do not have an account at the bank. A depository institution, as defined in Section 866, that issues paychecks on behalf of a business client shall notify that business client of the client's responsibilities under Section 212 of the Labor Code.~~